

AT A PUBLIC HEARING OF THE CULPEPER COUNTY BOARD OF SUPERVISORS HELD IN THE BOARD ROOM, LOCATED AT 302 N. MAIN STREET, ON TUESDAY, APRIL 17, 2007.

Board Members Present:

John F. Coates, Chairman
Steven E. Nixon, Vice-Chairman
Larry W. Aylor
Sue D. Hansohn
Steven L. Walker

Board Member(s) Absent:

William C. Chase, Jr.
Brad C. Rosenberger

Staff Present:

Frank T. Bossio, County Administrator
J. David Maddox, County Attorney
Valerie H. Lamb, Finance Director
John C. Egertson, Planning Director
Peggy S. Crane, Deputy Clerk

Mr. Coates, Chairman, invited everyone to stand for a moment of silence in memory of the students and professors who lost their lives at Virginia Tech.

CALL TO ORDER

Mr. Coates explained there would be two meetings pursuant to the *Code of Virginia* to hear comments regarding (1) The proposed FY 2008 Budget, Operating, and Capital, and (2) the proposed tax rates for Calendar Year 2007. He reviewed the Rules of Order to be followed to ensure that the Board of Supervisors received the full benefit of the public's comments. He asked each speaker to state his/her name and magisterial district, address comments directly to the Board, and limit remarks to more than three minutes. He stated that unruly behavior would not be tolerated.

Mr. Coates called the public hearing to order at 7:00 p.m.

APPROVAL OF AGENDA

Mr. Nixon moved, seconded by Mr. Aylor, to approve the agenda as presented.

Mr. Coates called for voice vote.

Ayes - Aylor, Coates, Hansohn, Nixon, Walker

Absent - Chase, Rosenberger

Motion carried 5 to 0.

THE BOARD WILL RECEIVE PUBLIC COMMENTS ON THE PROPOSED FY 2007-2008 BUDGET FOR YEAR ENDING JUNE 30, 2008

Mr. Frank Bossio, County Administrator, welcomed everyone to the FY 2008 budget presentation. He reviewed the schedule for developing the budget that began with the budget call issued in November 2006, followed by a number of work sessions with individual Board members to receive their comments and concerns. He stated that a formal work session was held March 20 for the School Board to present its budget, and to receive budget requests from the County's department heads and outside agencies. The budget hearing was advertised on April 3, for the public hearing on April 17.

Mr. Bossio discussed the proposed General Fund and School Operating revenues and expenditures and indicated that 47 percent of the revenue was derived from property taxes and approximately 31 percent from the State for schools. He noted that the Federal Government imposed a number of mandates for the schools which were not completely covered by the 3 percent it provided, so the General Fund provided approximately 4.8 percent for the schools. He explained that the major expenditures consisted of approximately 48 percent for School Operations, 21 percent for the General Fund, 8 percent for the County Capital Improvement Plan (CIP), and 6 percent for Enterprise Funds for activities that funded themselves by charging customers for services. He added that other expenditures consisted of Special Revenue, School Debt and School CIP. He stated that the General Fund contained a FY 2006 balance of \$31.6 million, consisting of \$25 million from the FY 07 budget, \$1million returned from FY 2006 School Operations and \$5.6 million for cash management to avoid borrowing funds while awaiting tax revenues.

Mr. Bossio explained that the FY 2008 budget was significantly different than budgets prepared in the last eight years due to the fact it was a reassessment year, when in previous years, the generation of funds and the growth rate was estimated at 7 to 8 percent. He stressed that the County's financial policy required that approximately 15 percent be kept in the General Fund for cash reserves for emergency purposes and that was one of the major pieces of the County's bond rating in the State to ensure lower interest rates when borrowing. He said approximately \$3 to \$5 million of cash management projects were done each year, such as road and revenue sharing projects, and approximately \$5 million would be pulled from the General Fund in 2007 that would reduce the General Fund significantly.

Mr. Bossio stated that the advertised tax rate for the public hearing was 59 cents per hundred – 55 cents for real estate and 4 cents for fire and rescue tax – with the priorities set for education, public safety, CIP, and general administration. He noted that the tax rate for

2007 was 89 cents per hundred, and the equalization rate for FY 2008 had been estimated at 52 cents, but it was not known what adjustments the Board of Equalization may make on the values of properties. He explained that to eliminate budget creep, the County had a zero based budget that presumed each department would have the same amount of money as the previous year, but would begin with a zero until each item had been justified as needed. He said the goal for FY 2008 was to provide the first phase of funding for the new high school with a minimum real estate tax increase.

Mr. Bossio stated that one of the budget implications was the reduction in State funding for schools from approximately \$5.4 million in FY 2007 to \$1.8 million due to the State's priority on transportation, but he hoped that the State would once again renew its commitment to make education a priority and bring more funds to the localities. He reviewed other budget implications, such as requests for new positions for FY 2008. He said that the HR Director position would not be filled, saving \$72,613, but the following new positions had been requested: An Options position for Criminal Justice Services, one new State Compensation Board position for the Commissioner of the Revenue and one for the Treasurer due to increased population, two positions for a Records Management Division, an additional Commonwealth Attorney, as well as Court Security Deputy, Patrol Lieutenant, Deputy Sheriff, and Investigator for the Sheriff's Office.

Mr. Bossio recalled that the County approved a Pay for Performance system several years ago and there was an approximate 4.14 percent increase in wages in FY 2007 and an estimated 4.24 percent increase in FY 2008. He pointed out that the County had received a 10 percent decrease in its health insurance premium that resulted in \$125,000 savings for the County and \$468,000 for the Schools.

Mr. Bossio stated that other budget implications were increased funding requests for the Comprehensive Services Act program, Community Complex contract services, Fire and Rescue Association, and Economic Development incentives and tax credits, as well as other increases for Juvenile Probation for per bed/day costs, Health Department, combined outside agencies' requests, Revenue Sharing funds taken from the Fund Balance for the construction of the loop road, concession stands at the Community Complex, Department of Human Services' local increase and several operational transfers, for a total of \$2,010,456.

Mr. Bossio stated that in addition to the Pay for Performance program, the County had implemented an on-going process to improve the services of government by utilizing

the Baldrige Criteria for Excellence and Six Sigma Quality Initiatives. He noted that after 17 weeks of intensive training, department heads had changed many processes to improve the way the County conducted business.

Mr. Bossio discussed historical data that indicated the average selling price of an existing home increased 14 percent from \$287,364 in 2001 to \$328,690 in 2007. He noted that the tax rate was 74 cents during a six-year period of no-growth prior to 1998 but started to increase in 1999 through 2002 when a reassessment occurred and the tax rate dropped from 92 cents to 81 cents in 2003, and it increased to 89 cents in 2005 and 2006. He said with the 2007 reassessment, the advertised tax rate was 59 cents. He also noted that new residential construction permits had decreased 100 percent from 2003 to 2007, which was good in managing growth, but was revenue-negative in terms of dollars being received. He added that the fair market value of houses in the County increased significantly from approximately \$3.2 billion in 2005 to \$6.6 billion in 2006. He stated that revenue adjustments had to be made for land use, which increased from approximately \$2.8 million in FY 2007 to an estimated \$5 million in FY 2008, and tax relief for the elderly and disabled increased from \$230,304 to \$295,352 in the same period.

Mr. Bossio explained that cash management dollars from the General Fund reserves were programmed to meet the needs. Some dollars were taken from the cash management fund to cover the School CIP, the outer loop road and revenue sharing, new jail's architectural and engineering fees, and the County's records management. He added that approximately \$8 million would be paid by the State for the new jail. He said that ongoing costs from the General Fund were approximately \$ 1 million to cover DHS, water/sewer, landfill, Airport, and E-911.

Mr. Bossio pointed out the County's needs were determined by public demand for Emergency Medical Services, a law enforcement presence, the Community Complex, education and costs of services due to the effects of growth.

Mr. Bossio discussed the education funding request of approximately \$13 million to cover salary improvements, 45 new teaching positions, Virginia Retirement and Health Insurance, textbook increases, etc., for a total of \$11 million after deducting \$2 million from the State and Federal Governments. He said that priorities would be balanced to cover debt service for the new high school and interim financing for the new elementary school until the Literary Loan was received. He provided an analysis of local funding to the School

System covered amounts requested, budgeted and actual. He said the net total FY 2008 local budget for the School System was \$4,470,900, consisting of \$3 million for instructional, \$500,000 for future capital and \$970,900 for the School CIP (from the fund balance). He also provided a breakdown of the County's CIP requests totaling approximately \$10 million that included the new jail's architectural and engineering fees, the outer loop, archives and records management, Galbreath Marshall Building renovation for preschool, Wachovia Bank renovation, document storage for the Courts, roof upgrades and the continuing maintenance of County parks.

Mr. Bossio concluded by stating that the FY 2008 expenditures totaled \$142,267,098 and revenues totaled \$144,530,519, which left a balance of \$2,263,421 if the Board authorized the 59 cent rate increase. He said that 4 cents would balance the budget and 3 cents would be set aside for future obligations.

Mr. Coates recessed the meeting at 7:40 p.m., and called the meeting back to order at 7:42 p.m. He stated that Mr. Chase had asked to be excused from the meeting since his son just returned today from Iraq.

Mr. Coates opened the public hearing and reminded the audience of the procedures outlined earlier.

Ms. Debra Reid, Rappahannock Legal Services, thanked the Board for its continued support for Rappahannock Legal Services.

Mr. Jack Roycroft, Catalpa District and member of the Parks and Recreation Advisory Committee, spoke in support of the Parks and Recreation budget and stressed the importance of continuing to maintain and care for the fields at the Community Complex. He stated that the sports leagues were growing and the fields were built to withstand abuse with proper care and maintenance.

Mr. Mark Settle, Salem District and representing Culpeper Football Association, thanked the Board for its support. He also stressed the importance of maintaining the fields at the Community Complex that were used by various sports leagues. He said it was also important to fully staff the Parks and Recreation Department to lessen the burden on the volunteers.

Mr. Todd Palmquist, Director of the Piedmont Work Force Network, apologized for missing the March 20 budget workshop due to a conflict in scheduling. He explained that the Network provided workforce services to job seekers and employers and covered the

area from Nelson County to Fauquier County and Green County to Louisa County, as well as the City of Charlottesville. He noted that Mr. Coates was Vice Chair and represented Culpeper on the Local Elected Officials Council; and Mr. Walker was Chair of the Board of Directors, with Ms. Darlene Carpenter serving as a business representative. He said that the group, which was a full State-certified comprehensive workforce center with a local certified satellite center in Culpeper County, was making a first-time request for funding from the various local jurisdictions.

Ms. Doris Clatterbuck, Salem District, asked the Board to carefully review all the items in the budget to ensure they were really needed. She agreed the County needed new schools, but questioned whether an expensive new jail was necessary. She felt that County citizens made a mistake by not adopting a meals tax to help lower other taxes. She urged that the Board take some of the burden off of the real estate tax and keep personal property taxes at current levels.

Mr. Richard Goff, Cedar Mountain District, spoke in support of funding for the Community Services Board and the Aging Together program to provide the local match for a private foundation grant and other State and Federal grants for community-based care for seniors and other consumer populations. He also supported the School Board's request to ensure that the two new schools were prepared to provide direct services to students on opening day.

Mr. Tom Underwood, Salem District, suggested that the Board look at the process and determine if there were ways to keep the growth in the budget in line with the growth of the population and inflation and not presume that the budget would grow 10 percent each year in line with growth and inflation.

With no further comments, Mr. Coates closed the public hearing .

ADJOURNMENT

Mrs. Hansohn moved, seconded by Mr. Nixon, to adjourn at 7:55 p.m.

Mr. Coates called for voice vote.

Ayes - Aylor, Coates, Hansohn, Nixon, Walker

Absent - Chase, Rosenberger

Motion carried 5 to 0.

CALL TO ORDER

Mr. Coates called the meeting to order at 8:01 p.m.

APPROVAL OF AGENDA - ADDITIONS AND/OR DELETIONS

Mr. Aylor moved, seconded by Mr. Walker, to approve the agenda as presented.

Mr. Coates called for voice vote.

Ayes - Aylor, Coates, Hansohn, Nixon, Walker

Absent - Chase, Rosenberger

Motion carried 5 to 0.

PUBLIC HEARING

THE BOARD WILL RECEIVE PUBLIC COMMENTS ON THE PROPOSED CALENDAR YEAR 2007 TAX RATES: Real Estate Tax - \$0.48 (equalized rate); Fire/rescue Tax - \$.04 (equalized rate); Personal Property to remain at \$3.50; Aircraft to remain at \$.63; Machinery & Tools Tax to remain at \$2.00; and Recreational Vehicles to remain at \$2.50.

Mr. Bossio announced that the proposed real estate tax rate for FY 2008 was equalized at 48 cents and the fire and rescue tax at 4 cents, for a total of 52 cents at the base rate. He said it was being proposed that 7 cents be added to bring the tax rate to 59 cents, or 55 cents at the base rate and 4 cents for the fire and rescue tax.

Mr. Bossio explained that an integrated financial planning model was used to identify all of the County's capital needs and to balance the priority and timing of those needs with the County's financial resources. He said that the model included components on tax impact, revenues and expenditures, and growth planning. He noted that the growth planning component inputted the number of housing units in the Town and the County, the capacity for those housing units to increase, the population of the Town and County and projected increases, the current tax rates and revenues, the revenue growth assumptions, the build-out schedules, CIP (including Schools), student-teacher ratios and full-time equivalents of every position filled in County government in order to determine the outputs of the General Fund balance and tax rates.

Mr. Bossio explained that a 10-Year Budget Plan had been developed to project the bond dates and expenditures for future projects, including the new middle school, renovations to the high school, new elementary school, new jail facility, Sheriff's Field Operations Facility, EMS and Fire and Training Facility, JD Court, Courthouse renovations,

and a new County Administration Building. He said a new Human Services Building would probably be delayed because of the renovations to the Galbreath Marshall Building. The projects totaled approximately \$156 million through 2012 in capital programs, and the General Fund and real property tax revenues and expenditures were projected only through 2016 in order to be realistic.

Mr. Bossio reported that the Board had been discussing projected tax rates and whether a two-year reassessment should be done versus the current four-year reassessment. He stated that the model projected the tax rate to be 88 cents by the year 2015 for a four-year reassessment versus 83 cents for a two-year reassessment when revenues could be obtained earlier. He said the Board was still studying the issue and a decision would be made in the near future.

Mr. Bossio stated that the real estate tax rates for Fauquier, Albemarle, Spotsylvania, Fairfax and Loudoun Counties were about the same and once their initial growth spurts slowed and commercial and industrial increased, the tax rates began to drop. He said that Culpeper was beneath Fauquier and Spotsylvania Counties in tax rates projected through 2007.

Mr. Bossio presented various tax rate options as follows:

- In all cases, the equalized rate was 52 cents, down from 89 cents. At 89 cents, the fire and rescue tax was 7 cents, at an equalized rate of 52 cents; and the fire and rescue tax rate was equalized at 4 cents with a fire and rescue tax set-aside of \$271,175.
- Four cents would allow for \$3 million to the Schools' operational budget, a new Records Management Division with two new positions and accompanying CIP, one new position for the Commissioner of the Revenue, one new position for the Treasurer, a Commonwealth Attorney position, four new Sheriff's positions, the new Options position, and \$500,000 for future set-aside and capital.
- Three cents would allow \$2.6 million to the Schools' operational budget, a new Records Management Division, plus all of the positions allowed under 4 cents and would maintain the \$500,000 for future set-aside.
- Two cents would allow for \$2.3 million for Schools, one new position each for Commissioner of the Revenue, Treasurer, Commonwealth Attorney, Sheriff, Options and \$500,000 set-aside.

Zero cents would allow \$1.8 million for the Schools, no new County positions and

would remove the \$500,000 future set-aside funds for other upcoming CIP projects.

Mr. Bossio concluded by demonstrating what the tax rate meant to the value of an average home based on various tax rates.

Mr. Coates opened the public hearing to receive public comments on the proposed Calendar Year 2007 tax rates.

Mr. Robert Barfield, resident of Culpeper County, stated he was not opposed to paying taxes, but he urged the Board to hold the line at 52 cents if possible, and no higher than 54 cents.

Mr. Ron Miller, Salem District, expressed his concern that the County was not meeting the needs of the School System. He stated he would like to obtain additional information regarding the increase in the number of housing units because that number had a direct impact on all of the County's infrastructure needs. He also stated that he felt that was an inequity between the personal property tax of \$3.50 per \$100 for automobiles and the 63 cents per \$100 for airplanes.

Ms. Brenda Pack, resident on Route 729, expressed her concern regarding the increase in the assessment value of her property. She urged the Board to approve a lower real estate tax rate.

Mr. Lynn Bernie, Water Mill Road Subdivision, asked the Board to consider the elderly who were on fixed incomes. He stated that the high real estates taxes were a burden on the residents who lived on Social Security. He presented a petition from members of the homeowners' association in favor of lower taxes.

Ms. Annemarie Steimel, Jefferson District, spoke in support of setting the tax rate at 59 cents and urged the Board to make public education their number one priority.

Mr. Tom Underwood, Salem District, stated that public education was the cornerstone of society and funding education was a top priority. He questioned the need for some of the anticipated capital improvements. He also questioned whether equalization should be done every two years versus four years and asked that it be reconsidered.

Ms. Brenda Bayne, Salem District, urged the Board to consider the School System and make it the top priority of the County. She considered that an increase in the tax rate to the full 59 cents was necessary to provide a quality education for the children.

Mr. James Settle, Catalpa District, asked the Board to consider lowering the personal property tax rate and raising the aircraft tax rate. He felt that any increase should

be shared equally by all of the taxpayers.

Ms. Debbie Settle Sawyer, Catalpa District, stated she was retired, living on a fixed budget, and her property assessment continued to increase. She urged the Board to keep the taxes as low as possible.

With no further comments, Mr. Coates closed the public hearing. He thanked everyone for attending and stated that their comments would be taken under advisement.

ADJOURNMENT

Mr. Aylor moved to adjourn at 8:35 p.m.

Peggy S. Crane, CMC
Deputy Clerk

John F. Coates, Chairman

ATTEST:

Frank T. Bossio,
Clerk to the Board

APPROVED: June 5, 2007